

Message Text

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60

ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 PM-04 NSC-05 SP-02 SS-15

EB-07 CIAE-00 INR-07 NSAE-00 AID-05 COME-00 FRB-03

USIA-06 TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01

OMB-01 STR-04 L-03 H-02 PA-01 PRS-01 /107 W

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R 271520Z FEB 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 497

INFO AMEMBASSY ABU DHABI

AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

C O N F I D E N T I A L CAIRO 2645

EO 11652: GDS

TAGS: EGEN, EAID, OVIP (ROBINSON, CHARLES W.)

SUBJECT: ROBINSON MEETING WITH IRANIAN AMBASSADOR

1. UNDER SECRETARY ROBINSON, AMBASSADOR AND AIDES MET WITH NEWLY-ARRIVED IRANIAN AMBASSADOR BAHRAM BAHRAMI FEBRUARY 27 TO REVIEW EGYPTIAN ECONOMIC SITUATION AND POSSIBILITIES FOR MARSHALLING FINANCIAL ASSISTANCE FROM IRAN AND OECD COUNTRIES FOR EGYPT IN 1976. ROBINSON CITED NECESSITY FOR BETTER AID COORDINATION AND NEED FOR GOE TO TAKE DIFFICULT REFORM DECISIONS REQUISITE FOR SOUND ECONOMIC GROWTH. IN RESPONSE TO QUERY BY IRANIAN AMBASSADOR, UNDER SECRETARY TERMED PROBLEM URGENT IN TIME FRAME OF SEVERAL WEEKS, NOTING, HOWEVER, THAT SITUATION PERMITS FULL CONSULTATION BETWEEN USG AND IRANIAN GOVT.

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2. AMBASSADOR BAHRAMI, PLEADING UNFAMILIARITY WITH LOCAL SCENE, CONFINED HIMSELF LARGELY TO STATEMENT HE WOULD CONVEY UNDER SECRETARY'S REMARKS URGENTLY TO TEHRAN. HE COMMENTED, HOWEVER, THAT HE HAD FOUND AMONG SOME OECD AMBASSADORS SKEPTICISM THAT EGYPTIAN BALANCE OF PAYMENTS PROBLEM IS CRITICAL. HE ALSO NOTED THAT GOE PROVIDED \$250 MILLION "ONLY RECENTLY" --REFERENCE TO \$200 MILLION IRANIAN CASH LOAN AT LOW (AMBASSADOR SAID 4 PERCENT) INTEREST RATE IN 1975.

3. ROBINSON OUTLINED BASIS FOR USG CONVICTION THAT EGYPTIAN REQUIREMENT FOR BALANCE OF PAYMENT SUPPORT IS VERY SUBSTANTIAL AND WILL BECOME MORE DAMAGING TO EGYPTIAN ECONOMY AND MORALE IF IT IS NOT MET IN EARLY 1976. HE RECOGNIZED IRAN HAD TEMPORARILY FINANCIAL PROBLEM DUE TO SHORT-FALL IN OIL REVENUES AND HIGH LEVEL OF SPENDING COMMITMENTS. CONSEQUENTLY HE SUGGESTED THAT IRAN MIGHT PARTICIPATE IN AID TO EGYPT THROUGH COMBINATION OF DIRECT CASH LOAN AND GUARANTY OF EGYPTIAN COMMERCIAL BORROWINGS FROM FOREIGN BANKS TO REFINANCE SHORT-TERM CREDITS ON LESS ONEROUS TERMS. HE NOTED THAT EGYPTIAN FINANCE MINISTER HAD RECALLED THAT SUCH IRANIAN GUARANTY HAD BEEN SUGGESTED LAST YEAR BY THE SHAH AT ONE POINT IN CONSIDERATIONS OF IRANIAN AID FOR 1975.

4. FYI: AMBASSADOR BAHRAMI APPEARED NOT TO FULLY GRASP GUARANTY CONCEPT. WE ARE NOT READY TO MAKE OFFICIAL PROPOSAL TO GOE. CONSEQUENTLY UNDERSECRETARY REQUEST THAT EMBASSY TEHRAN NOT PURSUE THIS LINE UNTIL DETAILED GUIDANCE IS SENT FROM WASHINGTON. END FYI.

5. REQUEST EMBASSY TEHRAN REPORT ANY REACTION TO BAHRAMI'S MESSAGE.
EILTS

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NNN

Message Attributes

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